

Attachment 02: Significant Changes

Significant Changes since FY 2004

1. The **DoD Agency Wide functions transitioned** from DFAS Arlington to DFAS Indianapolis in 3rd quarter FY 2005. The Director of the DoD Agency Wide Audited Financial Statements Directorate is Donna Cox at (317) 510-3022. Current fax number is (317) 510-4388. Attachment 12B, DFAS-IN Agency Wide AFS Responsibilities, provides the directorate points of contact and their assigned component customer and footnote responsibilities.
2. **Suspended Revenues are due by the 6th calendar day.** Sellers recognizing suspended revenues must provide amounts to all affected partners by this date. This due date will be incorporated into the 2006 official calendar. **Attachment 1, 4th Quarter FY 2005 Financial Statement Schedule**, has been changed to add new tasks and milestones for USACE, DoD Components and DFAS for October 2005. These new tasks relate to USACE providing Construction-In-Progress (CIP) files to DoD Components, as well as the reconciliation efforts by components of CIP balances for AFS reporting. Also included are dates given to the components to challenge sites that provided waived elimination data.
3. **Attachment 3, Certification Letter**, has been changed to annotate that the Client Executive will directly provide clients with this letter. Previous guidance stated that the DFAS Director had this responsibility. In addition, it is further clarified that this letter is to be addressed to the respective Military Service Comptroller or Director of the applicable Defense Agency. Former Attachment 4B has now been incorporated into Attachment 3. The Customer Confirmation Letter is on Attachment 4.
4. **Attachment 5A, DDRS-AFS Changes**, has outlined new DDRS-AFS enhancements for 4th quarter affecting statements, footnotes and reconciliations. Revisions have also been made to the Statement of Changes in Net Position and Footnotes 3, 18 due to FMR changes. Please review this attachment thoroughly. Users can now save their reconciliation explanations on-line in DDRS-AFS. Components will be required to upload their reconciliation explanations for any differences (in a PDF format) to the ePortal by October 17, 2005 for the required reconciliations and October 21 for the remaining reconciliations.
5. As discussed in 2nd quarter guidance, **Attachment 5E, Entity Codes**, has been modified to include lines of accounting (LOA) for each entity code included in the attachment. An entity code with more than 2 LOA's is linked to an attachment that lists the applicable LOA's. That attachment is in turn linked back to the basic attachment (Attachment 5E). This updated document has been created to facilitate the identification of trading partners. **NOTE: A modified format for this attachment is currently being developed that will further simplify the identification of entity codes based on LOA. This will be available 1st quarter FY 2006.**
6. **Attachment 6A, Eliminations Process Table**, has been modified to address all elimination processes, vice only the intra-DoD and fiduciary processes as in earlier

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guidance. Website address links have been updated for the 4th quarter to reference most recent guidance available.

7. **Attachment 6B, Elimination Adjusting Entries**, has been modified to reflect that responsible accountants are to provide differences to, and request determination from the responsible components as to appropriate adjusting entries to be made. It is stressed that the appropriate adjusting entries (or determination that a challenge should be made) is the responsibility of the components. Note that there is little turn-around time for these adjustments, and components are to respond immediately to provide guidance to accountants.
8. **Attachment 6C, JV Categories**, has been modified to include clarification of the JV categories, examples, definitions of supported/unsupported and JV metric reporting requirements. A format for the Accounting Adjustments Metric has been provided and is required by all components. A box has been added to DDRS-AFS to identify unsupported JV's. When an unsupported JV (per the definitions in Attachment 6C) is recorded, this box is to be marked.
9. **Attachment 6D, Elimination Waiver**, memorandum is attached. Please note also that, while we recognize that guidance in the "DoDFMR" is currently somewhat conflicting, all entities waived from eliminations drive both buyer and seller sides. Therefore allocated amounts of undistributed disbursements and collections will not be assigned to waived entities. **Only valid, clearly identifiable undistributed disbursements and collections will be assigned to waived entities.**
10. **Attachment 13A, Report, Footnote or Reconciliation Mapping Changes**, includes changes made for the Accounting Report (AR) 1307 reconciliations for the Working Capital Fund entities; new account attributes for USSGL's 5780 and 6730 to identify intra-entity transactions; and changes to various report/footnote lines.
11. **Attachment 13B, Reconciliation Requirements for the Quarterly Financial Statements**, has been revised to reflect further changes made to each of the reconciliation reports involving the new format for the AR 1307 report implemented in 3rd quarter FY 2005. The reconciliation changes include a breakout of intragovernment and non-federal Accounts Receivable and Payable on the Statement of Financial Position.
12. **Attachment 14A, Prior Period Adjustments (PPA)**, summarizes information previously presented in Dr. Zakheim's June, 2003 memorandum. **Attachment 14B provides a checklist** to ensure all requirements with regard to PPA's are met. All PPA packages are due to DoD Agency Wide Audited Financial Statements Directorate for review 15 days before the end of the quarter.
13. **Attachment 15, Allocation of Undistributed Disbursements and Collections**, has been modified to recognize that only clearly identifiable undistributed amounts will be assigned to the applicable waived entities.

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14. Attachment 19B is now numbered **Attachment 19, PP&E Reporting Clarifications**. As discussed at 2nd quarter, this attachment includes guidance on the reporting of Medical Facilities and Equipment and Construction in Progress.
15. **Attachment 20, Capitalized Assets Purchased (USSGL 8802) and Statement of Financing Adjustments**, has been replaced with attachments 20A and 20B. Attachment 20A addresses the requirement to identify and report in USSGL 8801/8802 capitalized assets purchased and the adjustments for the Statement of Financing. Attachment 20B provides additional guidance relating to the proper reporting of 8802 with instructions for coding trading partners and the on-top entries for intra-entity capitalized assets acquired.
16. An additional attachment has been added for 4th quarter, **Attachment 21, FBWT Reporting Issues**. This new guidance addresses issues related to the reporting of FBWT on both statements and note schedules. **Note 3, line 2A, Fund Balance Per Treasury**, should reflect the Treasury Trial Balance (TTB) 6654 grand total plus the TTB 6655 IAS 613 less any duplication within the TTB 6654 and 6655 fund symbols. All differences between the Fund Balance **With** Treasury and Fund Balance **Per** Treasury **must be disclosed in Note 3**.
17. An additional attachment (**Attachment 22**) has been added to summarize the changes in OMB A-136 applicable to current year reporting.
18. Additional attachments have been added to address requirements for Governmentwide reporting. All entities are to review and comply with the requirements in **Attachments 23A, 23B and 23C**. New data calls are required, and must be emailed to those identified in Attachment 23B.
19. Effective immediately, all entities will include the following **required footnote disclosure in Note 1Y**:

1.Y. Undistributed Disbursements and Collections

Undistributed disbursements and collections represent the difference between disbursements and collections matched at the transaction level to a specific obligation, payable, or receivable in the activity field records as opposed to those reported by the U.S. Treasury. These amounts should agree with the undistributed amounts reported on the departmental accounting reports. In-transit payments are those payments that have been made to other agencies or entities that have not been recorded in their accounting records. These payments are applied to the entities' outstanding accounts payable balance. In-transit collections are those collections from other agencies or entities that have not been recorded in the accounting records. These collections are also applied to the entities' accounts receivable balance. The Department of Defense policy is to allocate supported undistributed disbursements and collections between federal and nonfederal categories based on the percentage of Federal and nonfederal accounts payable and accounts receivable. Unsupported undistributed disbursements are recorded in accounts payable. Unsupported undistributed collections are recorded in other liabilities. The [Entity name]

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[follows/does not follow] this procedure. [If this procedure is not followed please explain.]

20. **Status of Fund Balance with Treasury disclosed on Note 3 has been changed** to include separate lines for Non-Budgetary FBWT and Non-FBWT Budgetary Accounts. Non-budgetary FBWT line is populated with use of **new USSGL 1010 attribute called “Appropriated Funds – Child Transfer”**.
21. **Former Note 18, Unexpended Appropriations**, was eliminated at 2nd quarter FY 2005 and notes renumbered accordingly.
22. **Current Note 18, Disclosures Related to the Statement of Net Cost**, must include narrative discussion of fluctuations related to the Statement of Net Cost exceeding the 10% threshold. Schedules and tables for this note have been deleted for yearend reporting.
23. The format for the reporting of Prior Period Adjustments on the **Statement of Changes in Net Position has been modified** to report either Changes in Accounting Periods and Corrections of Errors. The “Other” attribute for these adjustments have been deleted. A separate line has also been added to reflect the **Net Change** in reporting of net position.
24. The reporting of **Non-exchange attributes** on the **Statement of Financing** has been moved from Line 26 to Line 16.
25. **The Budgetary Import Sheet has changed** to accommodate the new format of the AR 1307 discussed above.
26. An attribute was added in 3rd quarter for use in recognizing intra-entity imputed costs. Entities must use this attribute to report material intra-entity costs (within-DoD) in order to comply with FASAB Interpretation 6 of SFFAS 4, which required that we come into compliance with SFFAS 4 and recognize material intra-entity costs in FY 2005
27. Please have all final elimination data and adjustments entered by due date on OSD calendar. Key dates to remember for **intragovernmental quarterly reconciliation process** for 4th quarter FY 2005 include the following:
 - “F” Transactions due to FMS - 10/19/2005
 - FMS Provides IRAS Reports - 10/24/2005
 - Status of Disposition Certification due - 10/27/2005